

# Expanding Health Insurance Coverage for Utah's Uninsured Citizens



## The Utah Plan

**May 16, 2007**

# What is our focus and why?

- Just over 300,000 Utahns are uninsured
- This is a problem
  - A. Most of the cost of uncompensated care is being passed on to Utah's businesses that provide health benefits to their employees
  - B. Uninsured people get less effective and more expensive health care
- Almost 90,000 of the uninsured are children (0-18)
- Over 100,000 of the uninsured work for small businesses
- Our two primary goals:
  - Make sure Utah children have health insurance
  - Make it easier for employees of Utah small businesses to get health insurance

# Who are the 11.9%?

- **Currently Uninsured (11.9%)** **306,500**

- By Age:**

- Children, Under 19 years old 89,500
    - Young Adults, 19 to 34 years old 140,200
    - Adults, 35 years old or older 76,800
    - Note: Figures in these categories do not sum to the total because of missing values on the grouping variable.

- By Employment Status:**

- Adults, 19-64 with Full-time jobs (35%) 107,600
    - Adults, 19-64 with Part-time jobs (13%) 39,300
    - Adults, 19-64 who are Self-employed (12%) 36,200

- **Utah's "Most Likely" Uninsured Person:**

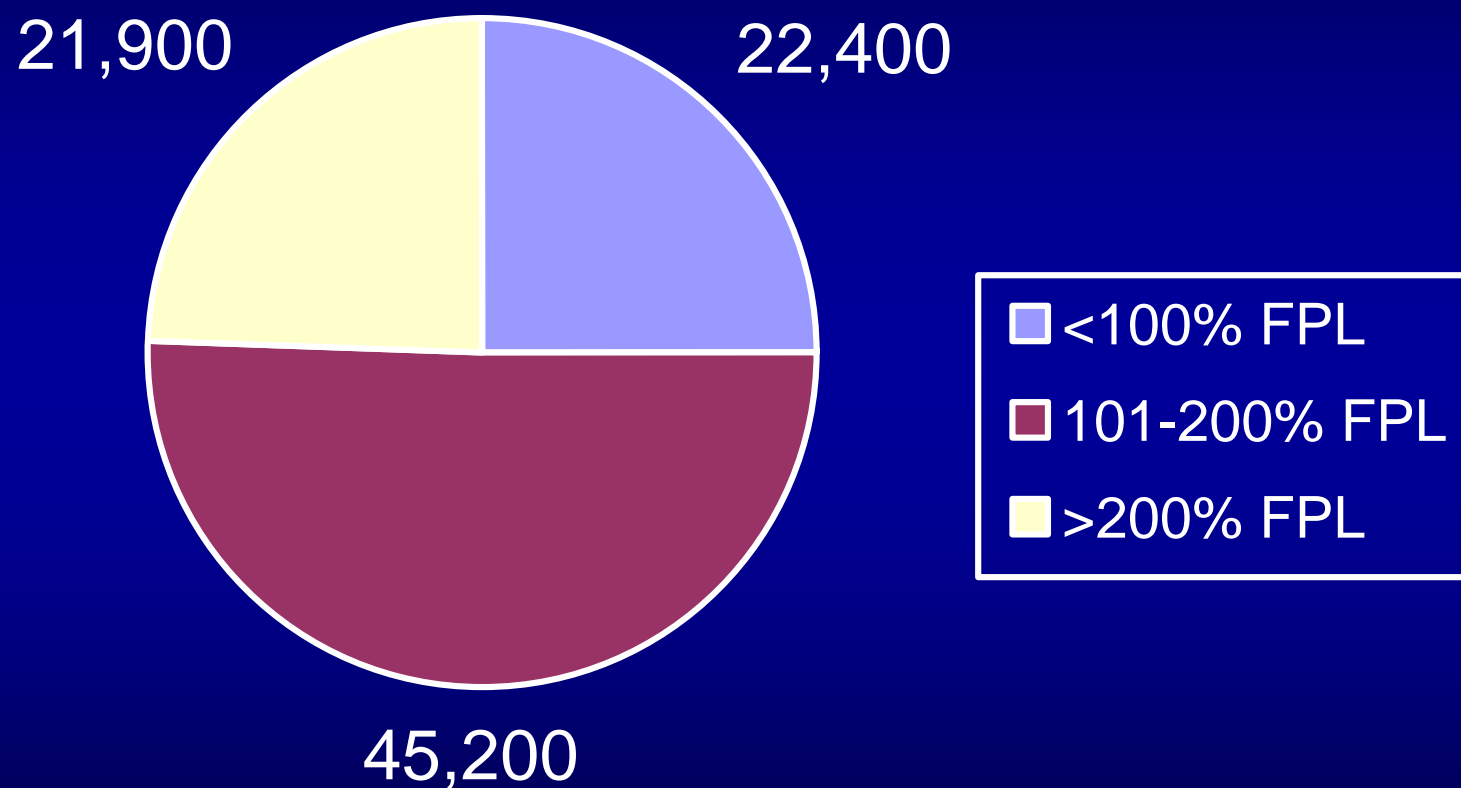
- White male
  - Between the ages of 19 and 34
  - High school graduate, with no college degree
  - Full time job
  - Household income between \$20,000 and \$45,000

# Key Factors – The Young Immortals

- 75% of the 11% (229,000) are under age 34
- 68% of uninsured adults (147,000) have jobs
- Around 70% of uninsured workers work for small business
- There are also many uninsured who are dependents of people with jobs
- There are around 25,000 uninsured full-time college students
- The Young Immortals are the primary group of free riders in the health care system

# Who are Utah's Uninsured Children?

By poverty level

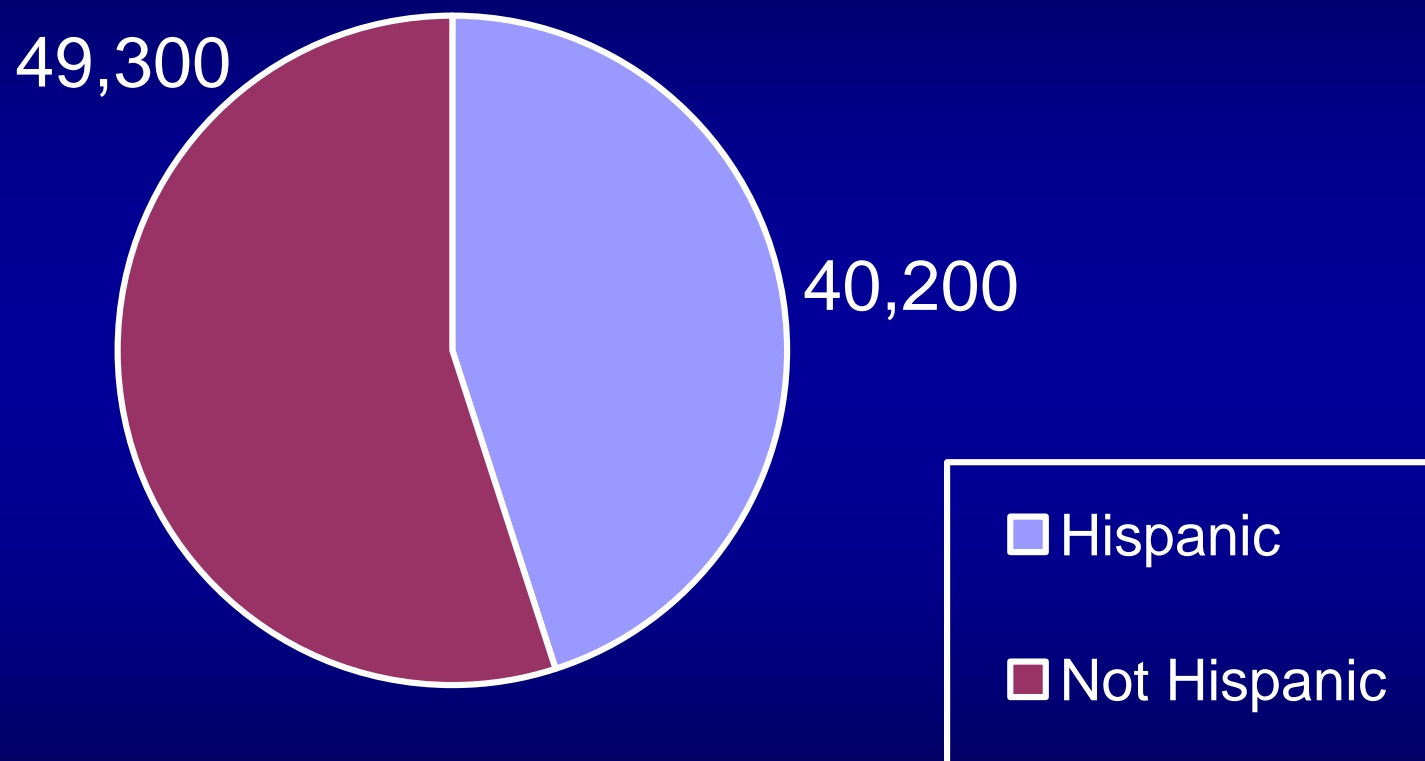


Source: 2006 Health Status Survey

**Note: 100% FPL = \$20,000 a year  
for a family of four in 2006**

# Who are Utah's Uninsured Children?

By Hispanic ethnicity

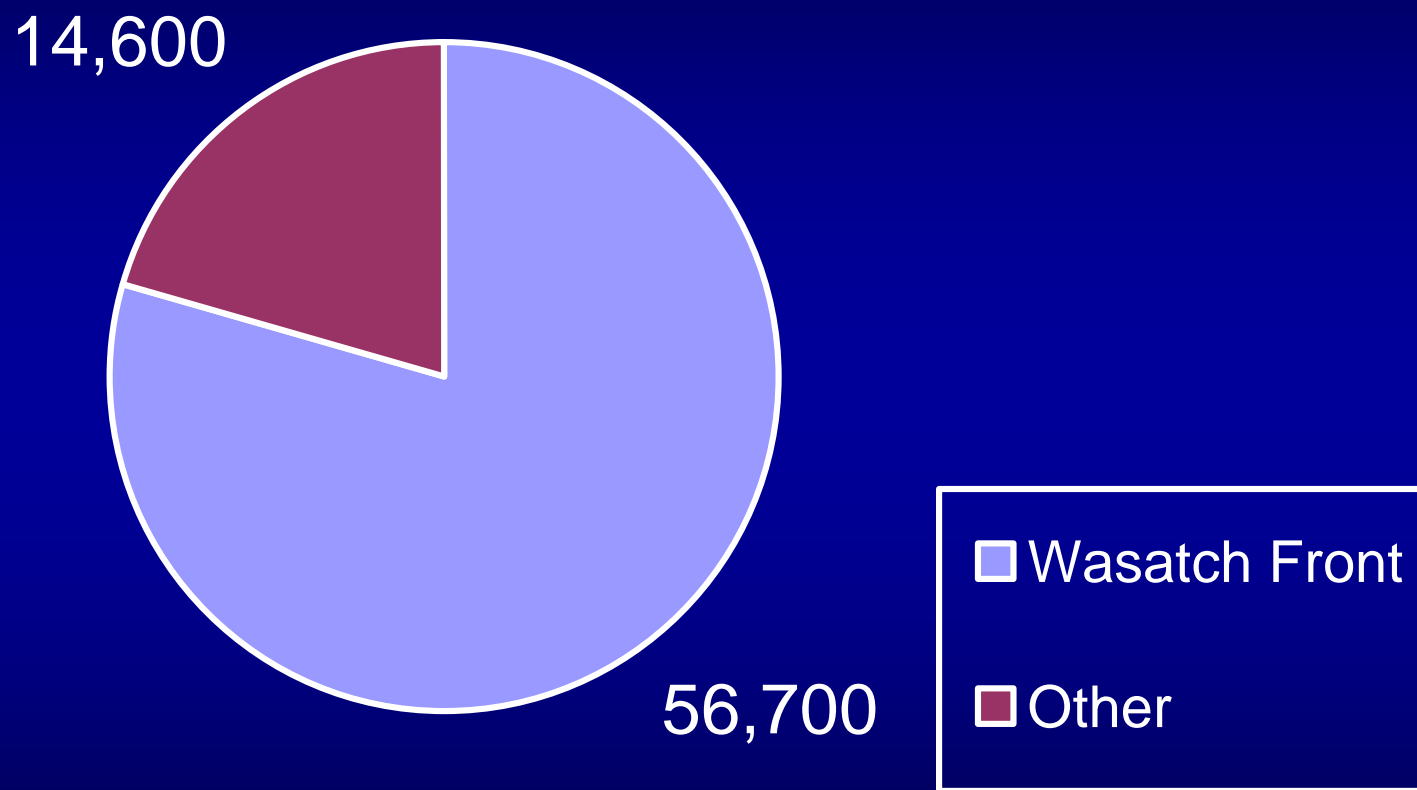


Source: 2006 Health Status Survey

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# Who are Utah's Uninsured Children?

By urban or rural location

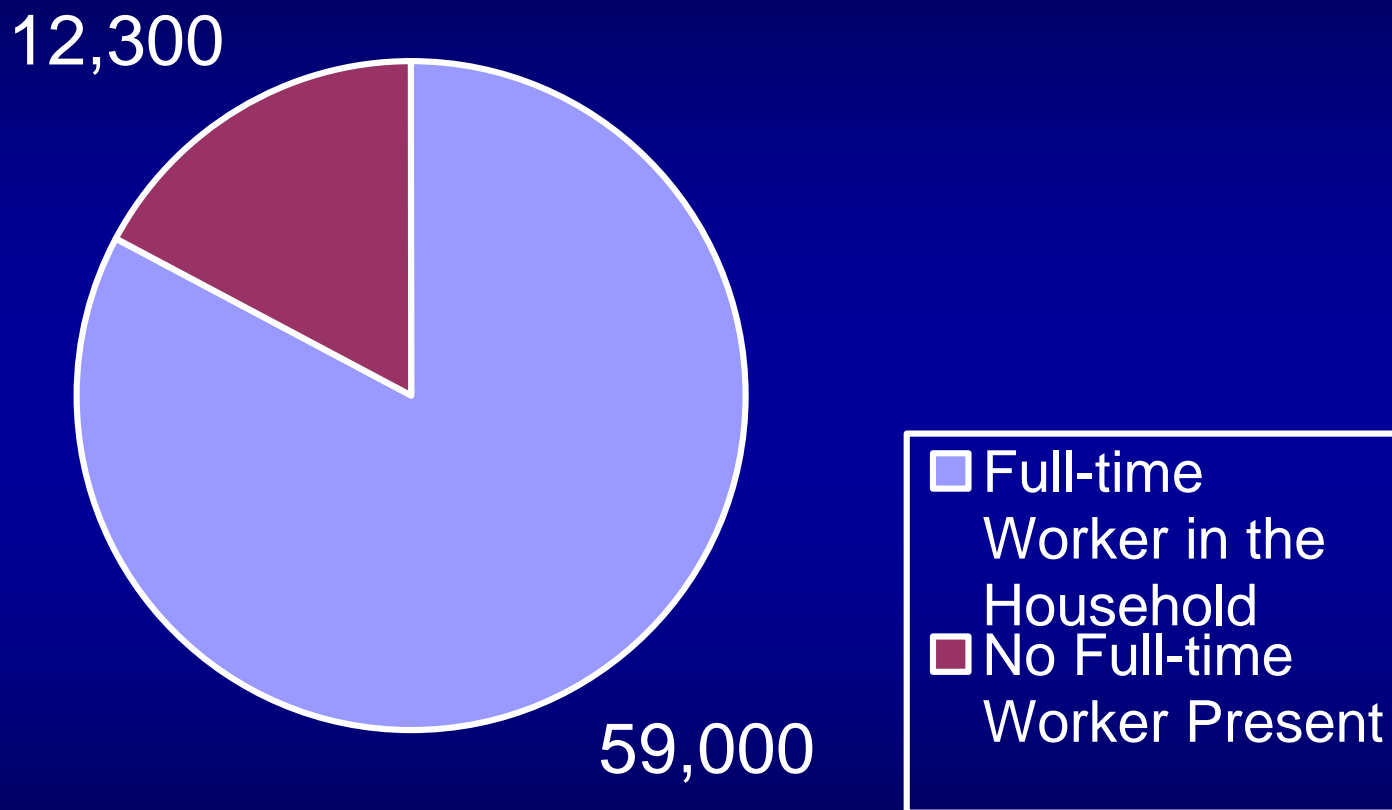


Source: 2005 Health Status Survey

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# Who are Utah's Uninsured Children?

By full-time worker in the household



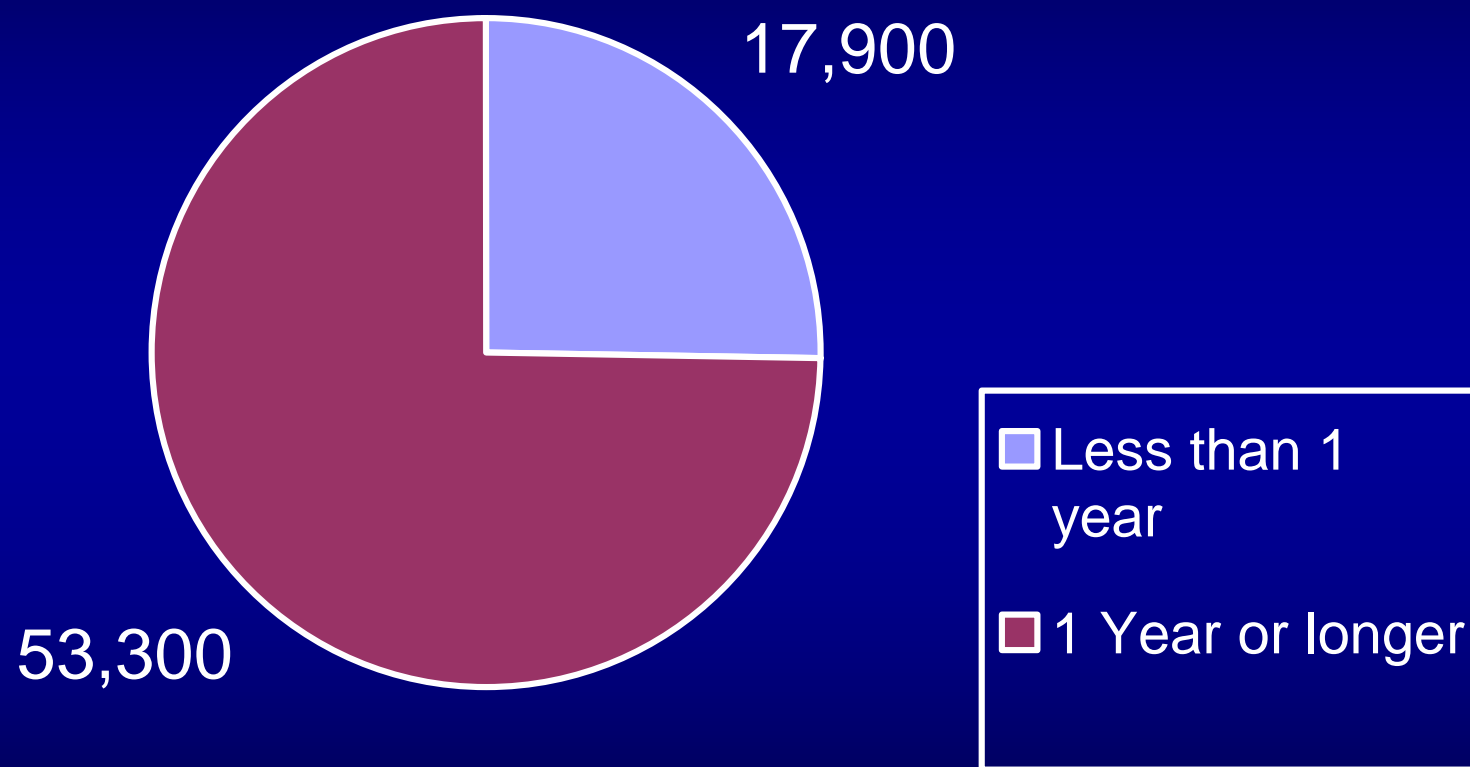
Source: 2005 Health Status Survey

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# Who are Utah's Uninsured Children?

By length of time uninsured



Source: 2005 Health Status Survey

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## Trends in State-based Efforts

- Build upon prior efforts and financing mechanisms (Incremental reforms)
- Slow the erosion of employment-based system
- Shared financial responsibility (mandatory participation)
- Rely on private insurers
- Medicaid benefit redesign through Deficit Reduction Act
- Address cost and quality as well as coverage

Source: *State of the States, 2007*. State Coverage Initiatives, Academy Health, Washington, D.C.

## State-based Efforts – Lessons for Policy

- State strategies make a difference – they help people access care
- Leadership, opportunity, readiness are the keys
- There are no free solutions
- Little success in addressing underlying cost
- Voluntary purchasing pools are not likely to work as a standalone solution
- Agreement on what should be covered is difficult
- Fully addressing the problem is a national issue

Source: *State of the States, 2007*. State Coverage Initiatives, Academy Health, Washington, D.C.

# State Strategies – A survey

- Comprehensive reform
  - Massachusetts, Maine, Vermont
- Covering All Kids
  - Illinois, Pennsylvania, Tennessee
- Public-Private Partnerships
  - Arkansas, Montana, New Mexico, Oklahoma, Rhode Island, Tennessee, Utah
- Medicaid Benefit Redesign
  - West Virginia, Kentucky, Idaho, Kansas, Florida, South Carolina, Wisconsin

Source: *State of the States, 2007*. State Coverage Initiatives, Academy Health, Washington, D.C.

# Will State Strategies Work?

## Key Variables

- Uninsured Rate
- Funding and Resources
- Insurance Market Structure
- Insurance Exchange
- New Benefit Designs/Delivery Mechanisms
- Individual Mandate

Source: *State of the States, 2007*. State Coverage Initiatives, Academy Health, Washington, D.C.

# Federal Support for State Efforts

## Affordable Choices Initiative

- Tax-exemption for all premium payments
- Waivers to allow states to propose innovative ways to use existing federal funds
- Grants to help lower the cost of premiums

# Utah's Approach - Progress to Date

- **PCN Renewal**

- Since July 2002, 57,580 Utahns have been covered
- Renewed in 2006.

- **Premium Assistance (UPP)**

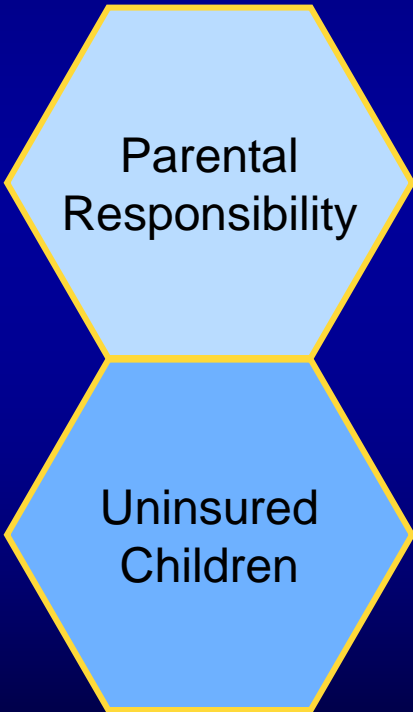
- 2006 Legislature approved funding for 1,000 Utahns
- HIFA waiver application approved in October, 2006
- Utah Premium Partnership for Health Insurance (UPP).

- **Added funding for CHIP**

- 2007 Legislature approved funding up to 12,000 more children
- Extended period of open enrollment to begin July 2, 2007

# Insuring Utah's Children

**Utah's Uninsured Children – All children** living in the State of Utah should have health insurance.



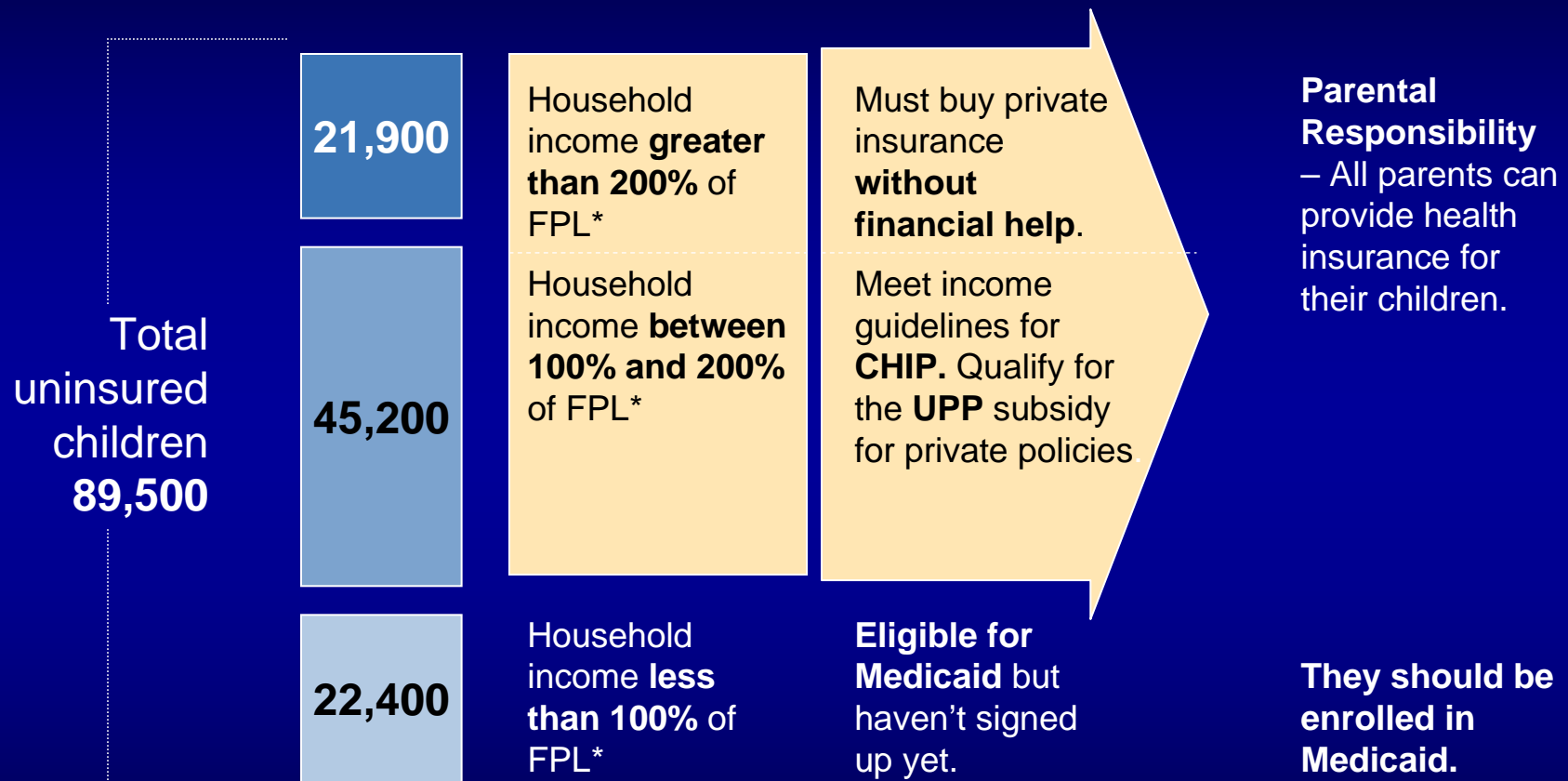
Parental  
Responsibility

Uninsured  
Children

**Parental Responsibility** – Parents should be responsible to pay for their children's needed health care.  
*Should we* require that parents provide evidence of ability to pay, either through insurance or some other way?



# How Utah Will Cover Its Uninsured Children



\*"FPL," the Federal Poverty Level, as of 2006 was \$20,000 per year for a family of four.

Note: Data Source: 2006 Health Status Survey. Numbers are preliminary and subject to revision.


# Higher Education

- 25,000 students lack health insurance.
- University of Utah and Utah State students voted to require health insurance
- This requirement will make it easier for all students to have health insurance.

# Helping Small Business

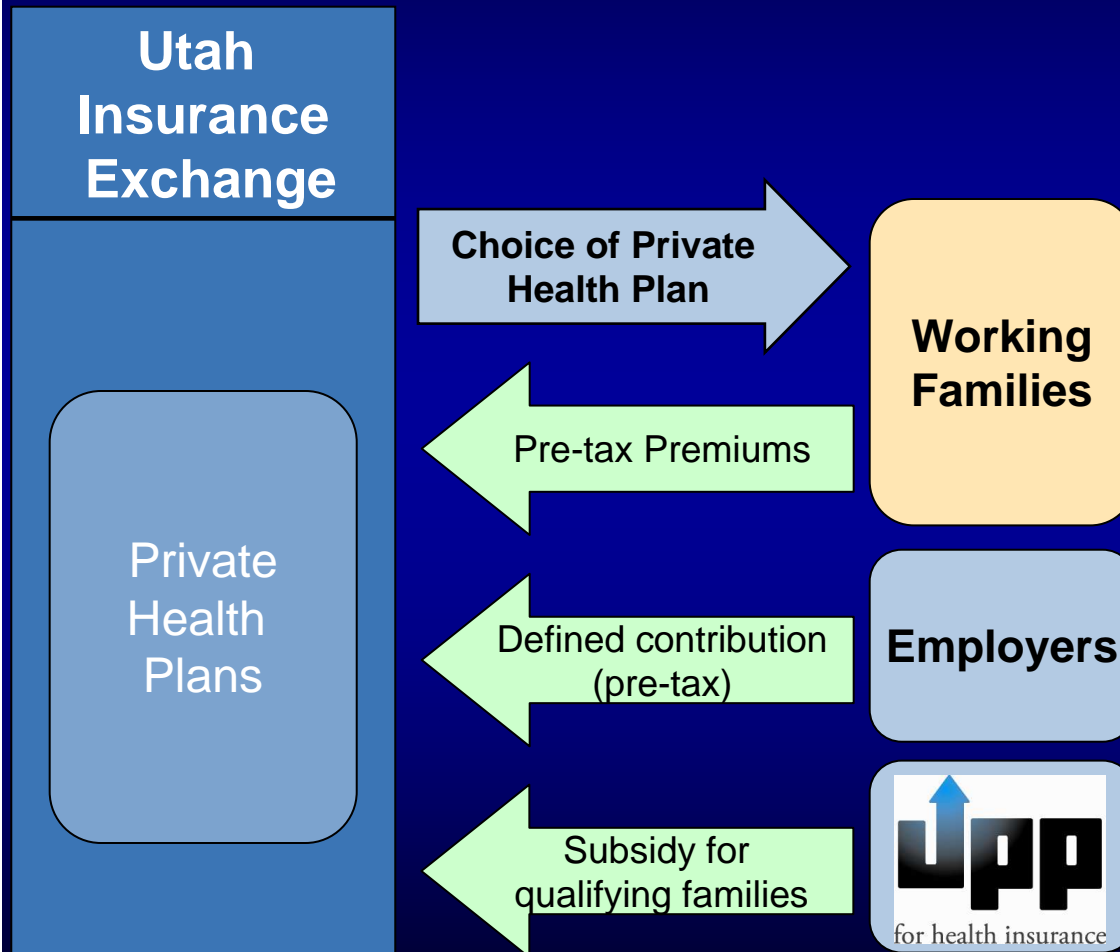
**An Insurance “Exchange”** – A clearinghouse that facilitates individual and **small business** purchase of health insurance.

- Tax free premium payments
- Employers control their costs
- Portable and flexible health plans for employees



The Insurance  
Exchange

# Insuring Individuals and Employees of Small Business



**The Utah Insurance Exchange** is a clearinghouse for private health plans.

- Employers offer a pre-tax health plan to all employees
- Allows employers to use a defined contribution system
- Working families choose plans to meet their needs
- Health insurance premiums are tax free
- Health insurance becomes portable and flexible

# Putting it All Together Utah's Plan to Expand Health Insurance Coverage for the Uninsured

